

Message Text

LIMITED OFFICIAL USE

PAGE 01 QUITO 06210 201836Z

61

ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04

USIA-15 PRS-01 OPIC-12 DRC-01 /186 W

----- 092789

R 201755Z SEP 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2532

INFO AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 6210

E.O. 11652: N/A

TAGS: ENRG, EINV, EC

SUBJECT: ADA CASE

REF: QUITO 6123

1. BIDDING BASES FOR GULF OF GUAYAQUIL BLOCKS CONTAIN CLAUSES RELATING TO THE PRIOR INVESTMENTS. FOR BLOCK 11, CLAUSE 53 SPECIAL OBLIGATION IS IN TRANSLATION AS FOLLOWS: QUOTE 53.1 THE INSTALLATIONS, MATERIALS, EQUIPMENT AND DRILLING THAT EXIST IN BLOCK 11, JUST AS THE MATERIALS THAT ARE IN STORAGE, WHICH MAY BE RELATED TO THE WORK ON SAID BLOCK AND WHICH MAY BE USEFUL, WILL BE USED BY THE COMPANY WINNING THE BID (SUBJECT TO THE AUTHORIZATION OF THE STATE THROUGH THE MINISTRY OF NATURAL RESOURCES AND ENERGY) ONCE THEIR VALUE IS DETERMINED THROUGH AN INDEPENDENT AUDIT CONTRACTED BY THE STATE AND THE LATTER ESTABLISHES THE FORM OF PAYMENT. END QUOTE,

2. FOR BLOCKS 5, 6 AND 14 A SIMILAR CLAUSE IS AS FOLLOWS:
29.6 SPECIAL OBLIGATION. THE INSTALLATIONS, EQUIPMENT AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 QUITO 06210 201836Z

DRILLING WHICH MAY BE FOUND IN THE AWARDED BLOCKS AND

WHICH MAY BE USEFUL WILL BE USED BY THE COMPANY WINNING THE BID (SUBJECT TO THE AUTHORIZATION OF THE STATE THROUGH THE MINISTRY OF NATURAL RESOURCES AND ENERGY) ONCE THE STATE ESTABLISHES THE VALUE AND FORM OF PAYMENT.

3. COMMENT: ADA REPRESENTATIVES HAVE EXPRESSED ON SEVERAL OCCASIONS TO THE DEPARTMENT AND THE EMBASSY THEIR CONCERN THAT THE GOE HAS SO NARROWLY LIMITED THE DEFINITION OF EXPENDITURES QUALIFYING FOR COMPENSATION THAT IT HAS VITIATED THE PRINCIPLE. THE BIDDING BASES APPEAR TO US TO LEAVE ADA CONSIDERABLE ROOM TO NEGOTIATE WITHIN THE CABINET LEVEL COMMISSION FOR A BROAD DEFINITION WHILE ALLOWING THE GOE TO GO EITHER WAY IN THE END. ALTHOUGH THE SPECIAL OBLIGATION OF WINNING BIDDERS TO PAY FOR PRIOR EXPENDITURES IS, TO BE SURE, LIMITED TO CATEGORIES OF INVESTMENT THAT MAY BE USEFUL, THE INCLUSION OF DRILLING (PERFORACIONES) AS A SUBJECT FOR PAYMENT CAN PERMIT AN INTERPRETATION OF VALUE WELL ABOVE THE MERE COST OF HARDWARE ON THE LOCATION. ALSO, THE BASES ALLOW FOR A PAYMENT OBLIGATION TO BE IMPOSED UPON WINNING BIDDERS OF OTHER THAN BLOCK 11 IF THE GOE SO DECIDES. THIS POINT WAS NEVER BEFORE CONFIRMED; ADA REPS TOLD US THAT THE GOE WOULD COMPENSATE FOR NO EXPENDITURE OUTSIDE BLOCK 11, IN WHICH THE PRODUCTIVE WELLS ARE LOCATED. FINALLY, THE SPECIAL OBLIGATION FOR BLOCK 11 MAKES EXPLICIT PROVISION FOR INCLUDING MATERIALS IN STORAGE AS SUBJECT FOR PAYMENT. ADA REPS HAD SPOKEN TO US OF THEIR FEAR THAT THESE GOODS WOULD BE CONFISCATED OUTRIGHT.

BREWSTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM CONCESSIONS, PROPOSALS (BID), OFFSHORE OIL FIELDS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO06210
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740265-0739
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740927/aaaaawwu.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: QUITO 6123
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by cunninfx>; APPROVED <03 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ADA CASE
TAGS: ENRG, EINV, EC, ADA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005